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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/2007  
 LAST UPDATED 3/15/2007    **HB** \_\_\_\_\_

**SPONSOR**    Nava

**SHORT TITLE**    School Principal Salary Calculation Changes    **SB** 73/aSEC/aSFC

**ANALYST**    Aguilar

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	** \$4,200.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

**\*\* LESC analysis received 3/12/2007 indicates that appropriations contained in House Bill 2 are sufficient to implement the provisions of this bill with no additional funding.**

Duplicates HB 35

Duplicates appropriations contained in HB 2

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Education Department (PED)

Office of Educational Accountability (OEA)

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 73 as amended removes the appropriations.

Appropriations contained in House Bill 2 are sufficient to implement the provisions of this bill with no additional funding.

#### Synopsis of SEC Amendment

The Senate Education Committee amendment to Senate Bill 73 directs that the statewide standard of evaluation provided for in the bill include data sources linked to student achievement and the educational plan for student success.

## **SIGNIFICANT ISSUES**

Provisions contained in the amendment, appear for the first time, to require the use of student achievement data and data from the educational plan for Student Success be used in the evaluation of school principals and assistant principals.

### Synopsis of Original Bill

Senate Bill 73 appropriates \$4.2 million from the general fund to the public school fund for distribution through the state equalization guarantee to implement minimum salaries for principals and assistant principals in the 2007-2008 school year.

Senate Bill 73 amends existing statute by:

- Adding a definition of “responsibility factor” and assigning multipliers to be used in determining salary minimums;
- Providing that in order to receive a level 3-B (administrator) license a “teacher” rather than an “instructional leader” must have held a level 3-A license for at least one year;
- Removing school size and adding a responsibility factor as the criteria for determining salary minimums for principals and assistant principals;
- Providing that the \$50,000 minimum salary for level 3-A teachers be used as the base for applying the responsibility factor, and;
- Requiring that by the beginning of the 2008-2009 school year, a uniform standard of evaluation be implemented.

## **FISCAL IMPLICATIONS**

The appropriation of \$4.2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2008 shall revert to the general fund.

Estimates made by LFC and LESC indicate that \$4.2 million would be sufficient to implement the minimums contained in the bill assuming no salary increases. As compensation appropriations increase, this amount would decrease.

Existing statute, based on school size, would require approximately \$750 thousand to implement minimums.

The public school support recommendation from the executive does not recommend funding for principals using a responsibility factor nor does it recommend minimum salaries for assistant principals.

## **SIGNIFICANT ISSUES**

Since the implementation of the three-tier salary structure for teachers, concerns have been raised that principal’s and assistant principals’ salaries were not keeping pace with increases in teacher salaries and a number of administrators were returning to the classroom causing a shortfall in available candidate pools. The Office of Educational Accountability notes that a number of studies have identified school leadership as second only to teaching among school-related factors that affect student achievement. Recent research by the OEA indicates a high turnover rate of principals in the New Mexico schools in need of improvement and there is widespread concern

that fewer experienced educators will choose to become or remain principals if they can make as much or more money by staying in the classroom.

SB 73 attempts to address these concerns by implementing an evaluation system for principals and by including a responsibility factor that ensures principals' and assistant principals' minimum salaries are always higher than the highest proposed minimum salaries (\$50,000) for Level 3 teachers.

The bill also replaces the term "instructional leader" with the word "teacher" as a technical correction to statute. Under provisions of the Public School Code "instructional leader" is not defined as an educational position.

Minimum salaries would be as follows:

Elementary School Principals,	\$60,000
Middle School Principals,	\$70,000
High School Principals,	\$80,000
Elementary School Assistant,	\$55,000
Middle School Assistant,	\$57,500
High School Assistant,	\$62,500

#### **ADMINISTRATIVE IMPLICATIONS**

PED has indicated it will require as much as \$400 thousand to develop the evaluation system yet in testimony before LESC the department indicated it had utilized \$150 thousand from the Teacher Professional Development Fund and \$60 thousand in funds received from the Wallace Foundation to begin development of the system. It appears the agency is well on its way to developing the evaluation system and may not require additional funding.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB 73 duplicates HB 35 and relates to appropriations contained in HB 3.

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Salary minimums currently in statute based on school size would take effect on July 1, 2007.

PA/nt:mt:csl